

Chapter 1

Overview

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1.1 What Is NSLDS?

The National Student Loan Data System (NSLDS) is a comprehensive national database containing information about the federal financial aid history of students who receive assistance under Title IV of the Higher Education Act of 1965, as amended. The system has three main purposes:

1. To improve the quality and accessibility of student aid data
2. To reduce the burden of administering Title IV aid
3. To prevent abuse within aid programs by accurately tracking money appropriated as aid for postsecondary students

NSLDS stores information about loans, grants, students, borrowers, lenders, guaranty agencies (GAs), schools, and loan servicers. It provides an integrated view of Title IV loans and grants during all stages of their life cycle from aid approval through disbursement, repayment, delinquency, and closure.

NSLDS users include personnel from the Department of Education (ED), other federal agencies, GAs, lenders, schools, independent researchers, and students. NSLDS provides several software products to help financial aid professional users access and analyze loan data. Students can view information on their own Title IV loan and/or Pell grant amounts, outstanding balances, loan statuses, and disbursements.

1.2 Database Contents

NSLDS processes and maintains data on the following Title IV programs:

- Federal Family Education Loan Program (FFELP)
 - Federal Stafford Loans
 - Federal Unsubsidized Stafford Loans
 - Federal Supplemental Loan for Students (SLS)
 - Federal Consolidation Loans
 - Federal PLUS Loans
 - Refinanced Loans
- Campus-based Programs
 - Perkins Loans/National Direct Student Loans/National Defense Student Loans
 - Income Contingent Loans (ICL)

- Supplemental Educational Opportunity Grant (SEOG)
- Perkins Extended Loan Option
- Pell Grants
- Federal Direct Loan Program (FDLP)
 - Federal Direct Stafford Loans
 - Federal Direct Unsubsidized Stafford Loans
 - Federal Direct Consolidation Loans
 - Federal Direct Unsubsidized Consolidation Loans
 - Federal Direct PLUS Loans
- Federally Insured Student Loans (FISL)

1.3 Information Flow

NSLDS exchanges information with the following systems and agencies:

- **Central Processing System (CPS)**—CPS sends NSLDS a daily feed identifying applicants for new or additional Title IV aid. NSLDS returns to CPS financial aid history data for any applicant found in the NSLDS database. From this data, CPS generates an Expected Family Contribution and a Pell Grant Index.
- **Federal Family Education Loan Systems (FFELS)**—FFELS sends NSLDS a monthly feed containing data on all loans held by ED in the Debt Collection System portfolio, including FISLs, Perkins loans, FDLP loans, and FFELP loans. FFELS also supplies GA code table and lender code table information to NSLDS. In turn, NSLDS sends Student Status Confirmation Report (SSCR) data to FFELS.
- **Postsecondary Education Participants System (PEPS)**—PEPS sends NSLDS a weekly feed containing updates to the ED school table. NSLDS computes and stores official school cohort default rates and sends them to PEPS for storage. NSLDS also provides a means to convert Pell Institution codes, FFEL School IDs, and Campus-Based School codes to OPE IDs.
- **Direct Loan Servicing System (DLSS)**—DLSS sends NSLDS a monthly feed containing data on Direct loans from first disbursement until they are repaid or the borrower becomes disabled, enters bankruptcy, defaults, or dies. In turn, NSLDS sends SSCR data to DLSS.
- **Recipient Financial Management System (RFMS)**—RFMS sends NSLDS a daily feed containing data on Federal Pell grants.

- **Pell Grant Recipient Financial Management System (PGRFMS)**—PGRFMS sends NSLDS Pell grant information on a daily basis using Electronic File Transfer.
- **Guaranty Agencies (GAs)**—GAs, or their servicers, send NSLDS a monthly feed containing data on FFELP loans held by lenders or by the GA itself. In turn, NSLDS sends SSCR data to GAs.
- **Schools**—Schools, or their servicers, send NSLDS data on Perkins loans; on Pell, FSEOG, and Perkins overpayments; and on student enrollment status.

Figure 1-1 depicts the flow of information to and from the NSLDS database.

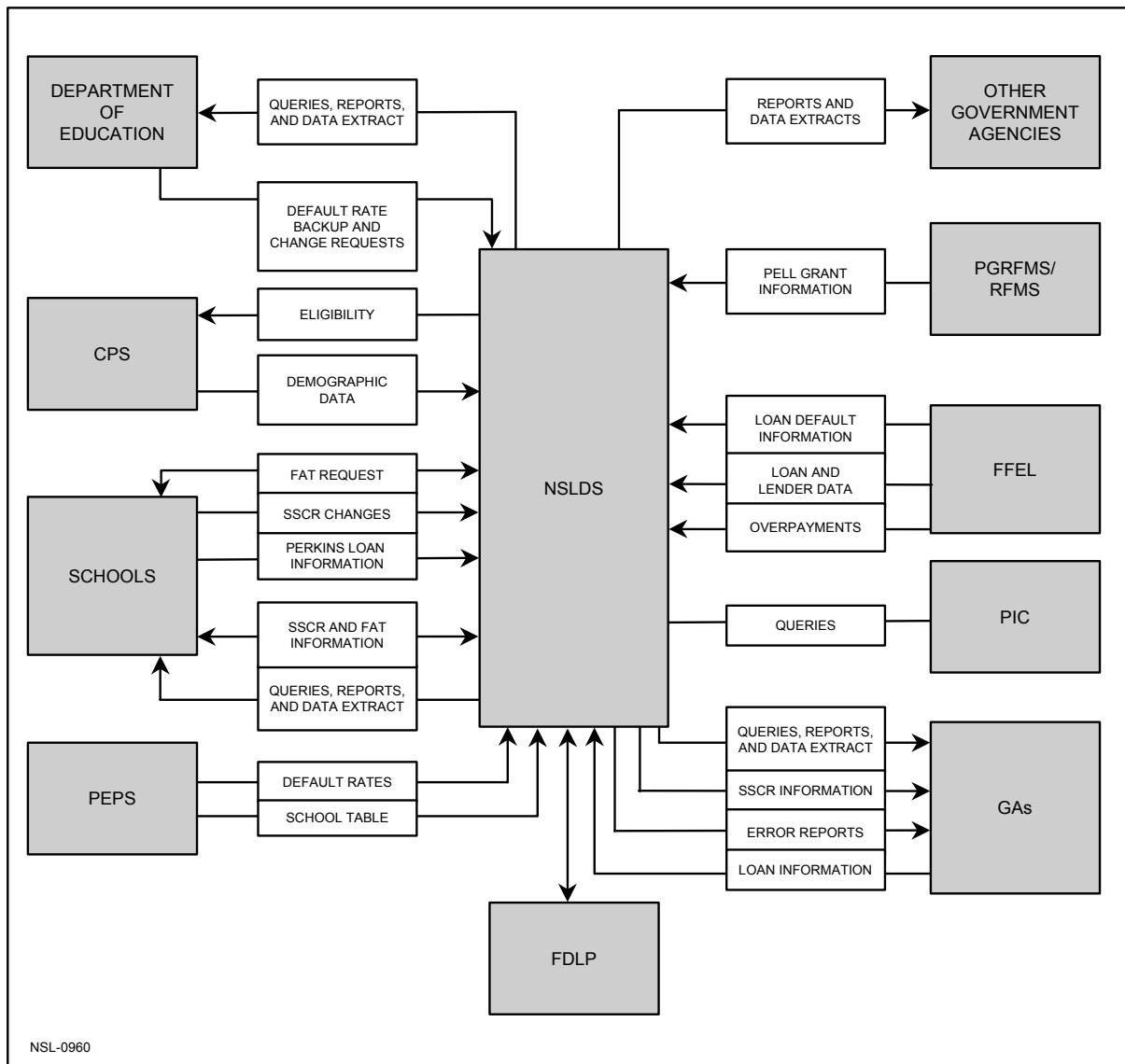


Figure 1-1, NSLDS Information Flow Diagram

1.4 Functions and Uses

NSLDS performs the following loan administration functions:

- **Prescreening for Title IV Aid Eligibility**—NSLDS prescreens all applicants for Title IV aid to identify applicants who are in default on an existing Title IV loan; who owe overpayments on Pell grants, FSEOGs, or Perkins loans; or who have already borrowed the maximum amount allowed under individual or cumulative loan limits.
- **Postscreening for Title IV Aid Eligibility**—NSLDS postscreens Title IV aid applicants to identify applicants whose eligibility status has changed since the time of their original aid application.
- **Aid Overpayment**—The online Aid Overpayment function allows data providers to update NSLDS when a student receives an overpayment on a Pell grant, FSEOG, or Perkins loan.
- **Cohort Default Rate Calculations**—NSLDS calculates and stores annual default rates for schools, lenders, and GAs participating in the FFELP and FDLP and calculates a national default rate for each cohort year. NSLDS makes these rates available online to selected ED users.
- **Student Status Confirmation Report**—NSLDS generates and sends SSCR rosters to schools. Schools, or their servicers, respond to SSCR requests either online or by batch submission. NSLDS then updates its database to reflect any changes in student enrollment status and forwards enrollment status change data to the loan-holding community.
- **Preparation of Financial Aid Transcript (FAT) Information**—NSLDS generates FAT information and forwards it to CPS as part of the prescreening process. NSLDS also generates FAT information outside the prescreening process in response to ad hoc requests from schools. These requests can be made online or by batch submittal.

NSLDS performs the following operations support functions:

- **Audit and Program Review Planning**—NSLDS supplies ED auditors and program reviewers with data on specific organizations and on key indicators used to schedule audits and program reviews for maximum effectiveness.
- **Research Studies and Policy Development**—NSLDS supports both long-term research studies and short-term policy development by providing ED with current national, loan-level, grant-level, and student-level data.
- **Budget Analysis and Development**—NSLDS provides data on loan program performance used to estimate the seven-year budget used as input to the President's budget each year. This data is also used to answer budget-related questions and to support what-if analyses.

- **Loan Transfer Tracking**—NSLDS preserves historical data on loan holders and loan sales dates used to understand secondary market activity, identify potential problems with loan program participants, help borrowers locate lenders or GAs associated with their loans, and assessing the administration and billing practices of Title IV loan programs.
- **Monitoring GA and Lender Billings for Reasonability**—NSLDS supplies ED with the detailed information needed to assess the reasonability of billings from GAs and lenders, based on changes in loan portfolios, loan status, loan balance, and other loan details.
- **Assessment of FFELP, FDLP, and Other Program Administration**—NSLDS supplies data used in short- or long-term studies aimed at determining the effectiveness of particular loan program practices.
- **Borrower Tracking**—This online function helps loan holders and GAs locate borrowers who have defaulted on student loans.
- **Refund/Cancellation Support**—Auditors and program reviewers use data supplied by NSLDS for tracking whether schools refund tuition or return loan checks or remittance to the lender in a timely manner when students withdraw from school early enough to qualify for a tuition refund or never attend school at all.

In addition to this specific operations support, NSLDS also performs the following more general operations support functions:

- Support prevention and resolution of errors
- Preserve data security and confidentiality in keeping with the Privacy Act of 1974
- Incorporate and support data standardization
- Meet data currency requirements
- Meet performance and response standards
- Maintain a training database with dummy data
- Maintain demographic data on a subset of the database
- Generate statistically valid extracts of the production database
- Provide online and Internet access to users
- Interface with Government-provided telecommunications links
- Provide output in formats that support executive information systems

Figure 1-2 presents specific NSLDS functions and the Government entities that use them.

Government Entity	Acronyms	Prescreening and Postscreening for Title IV Aid Eligibility	Default Rate Calculation	Monitoring GA & Lender Billings for Reasonability	Support Research Studies & Policy Development	ED Budget Analysis and Development	Audit and Program Review Planning	Assessment of FFEL Program Administration By GAs, Schools, Lenders
Analysis & Forecasting Div.	OPE/PTAS/AFD				X	X		
Applicant Systems Division	OPE/PSS/ASD	X						
Credit Mgt. Improvement Staff	OM/CFO/CMIS					X		
Div. of Planning & Eval. Svcs.	OM/CFO/BSD/DPES				X	X		
Field Operations Service	OPE/FOS						X	
General Accounting Office	GAO							
GA & Lender Oversight Staff	OPE/GLOS		X				X	
Institutional Monitoring System	OPE/IPOS/IMD		X				X	
Institutional Participation Div.	OPE/IPOS/IPD				X			
Office of General Council	OGC				X			
Office of Inspector General	OIG				X		X	
Office of Mgt. & Budget	OMB				X	X		
Policy Development Div.	OPE/PTAS/PPD				X	X		
Postsecondary Analysis Div.	OM/CFO/PAD					X		X
Postsecond. Educ. Participant Sys.	OPE/PSS/DID/PEPS		X					
Program Budget Execution Br.	OM/CFO/FSD/PBEB							
Program Systems Service	PSS			X				
Student Receivable Division	DCS/SRD							
Training & Program Info. Div.	OPE/PTAS/TPID				X			
Quality Improvement & Operations Planning Staff	OPE/QIOPS				X			
OTHERS								
System Coordination Branch	SCB	X						
System Planning Branch	SPB		X					
Acctng. & Finance Mgt. Section	AFMS			X				
Office of Ed. Research & Improv.—Nat'l. Ctr. for Ed. Stats.	OERI/NCES				X			

Figure 1-2, NSLDS Functions and ED Business Organizations

1.5 NSLDS User Tools

NSLDS provides its users with products designed to provide efficient access to NSLDS data for a variety of user levels and purposes.

- **NSLDS World Wide Web Site**—The NSLDS web site at www.nsldsfa.gov is the main user access point for the system. The web pages at this site allow users to access NSLDS information and to perform online transactions. They also allow users to perform low volume updates of the NSLDS database.
- **On-Request and Scheduled Batch Reports**—Many reports have been programmed and are available to the user either on a fixed schedule or on request. The user may set selection parameters and sort sequences.
- **Query Management Facility (QMF)**—QMF is an end-user, ad hoc query tool for selecting, sorting, and reporting NSLDS data. QMF uses the industry standard Structured Query Language (SQL) to manipulate NSLDS data. QMF queries, data, and report forms can be packaged as procedures, saved, and shared by end users.
- **Report Management and Distribution System (RMDS)**—RMDS allows users to browse reports online, share them with other authorized users, and print them. Users can route the output of ad hoc queries to RMDS to create online reports. Users can also route reports to a diskette, magnetic tape, Title IV WAN mailbox, or data set for downloading later to a PC.